

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 57th LEGISLATURE - REGULAR SESSION LOCAL GOVERNMENT FUNDING SELECT

Call to Order: By **CHAIRMAN BOB STORY**, on February 6, 2001 at 5:40 P.M., in Room 137 Capitol.

ROLL CALL

Members Present:

Rep. Bob Story, Chairman (R)
Rep. Gary Branae (D)
Rep. Eileen Carney (D)
Rep. John Esp (R)
Rep. Jeff Mangan (D)
Rep. Ken Peterson (R)
Rep. Karl Waitschies (R)
Rep. David Wanzenried (D)

Members Excused: None.

Members Absent: None.

Staff Present: Eddye McClure, Legislative Services Division
Gregory Petesch, Director of Legal Services of
Legislative Council
Jenni Stockman, Committee Secretary

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed. There were no tapes recorded for this meeting.

Committee Business Summary:

Hearing(s) & Date(s) Posted: HB124, 2/13/2001
Executive Action:

Gordon Morris, Executive Director MACo, gave testimony about the amendments that he would like to have put into the HB124.

EXHIBIT (lfh30a01)

Point 1 recommended that the Local Government get a consistent procedure for giving out the "base component". This would provide assurance that all the taxing jurisdictions 'special

districts' would receive an amount that was equal to the revenue they presently receive.

Point 2 stated his desire that the fixed date for the quarterly distributions to begin would be July 1st.

Point 3 went over sections 23, 25 and 33 of the bill, as these sections had raised some concern with the special districts. They wanted these sections to be struck off the bill. Greg Petesch's amendments 1,2 and 3 already did this.

Point 4 made a change in section 28. See exhibit 1. This had already been accomplished in Greg Petesch's amendment 9.

Point 5 made a change to section 30. See exhibit 1. This had already been accomplished by Greg Petesch's amendment 11.

Point 6 recommended that sections 44 to 63 be removed from HB124 because of the belief that Special Improvement Districts and Rural Special Improvement Districts should not be included in the restraints of 15-10-420.

Point 7 wanted to change sections 118 and 119, because section 118 was temporary and section 119 was permanent.

Rep. Story wanted to know why the addition of point 7 needed to be put in. **Gordon Morris** responded that this way, if the entitlement goes down, they would still have some money. The difference between the temporary and permanent plans was that the temporary provision allows flexibility for the first year. It did not involve hard data, and would allow for growth. Adding to the permanent would not. Point 7 was withdrawn because it was not approved by the committee.

Rep. Story wanted to know when the temporary plan expired and was told it would expire on June 30th, 2002. **Rep. Story** wanted to know why. **Judy Paynter, Department of Revenue**, said it was because there always needed to be a clean base, and then you could establish from there. That way, there would always be that clean base to fall back on. For their plan, they used 2002 as the base. After that, things could be changed.

There was a question about point 1 of exhibit 1 and whether money was being taken out. **Gordon Morris** explained that point 1 would guarantee special districts would get their money. If this bill did not pass, local governments would go through and put money to where it was needed. Greg Petesch amendments allowed them to get their share, but Gordon Morris wanted it changed.

Another question was raised on point 2 and how the timing was set on July. **Judy Paynter**, responded that they looked at how the money flowed in and out. They found that about 76 million was paid in November and May. If started in July and October, this would create a money crunch, for the state and interest would be lost.

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Brad Simshaw, Department of Revenue, talked about a) December and June of the fiscal year, b) motor vehicle's monthly basis, and c) the gaming revenue being quarterly.

Joe Mazvrek of Great Falls asked why the court fees were not used. **Judy Paynter** replied that the court fees were not enough per month. The end of the fiscal year was June and the alcohol payments were paid quarterly. **Greg Petesch** said that using the quarterly basis was giving the committee a choice. This amendment would set the date as to when the payments would be made.

Karen Straege, the State Librarian, gave her thanks to the committee because this bill was meeting the needs of the library.

Rep. Story mentioned that the library and airport board budgets and levies were eliminated from HB 124. **Gordon Morris** said they wanted to operate under present law. **Rep. Story** said law creating boards and their taxing authority were created together. **Rep. Esp** wanted to know how long that had been the case. **Karen Straege** said it had been like that since 1895.

Rep. Mangan moved that the amendments 1,2,3,8, and 12 in Gordon Morris' testimony be adopted. **Rep. Waitschies** said that this leaves the tax with the committee and should be voted down.

Rep. Peterson said that the Laurel Airport authorities were not a county, and so he wondered if these amendments would exclude them. He was answered that they would be excluded if you vote against the changes.

The motion to adopt these amendments was passed with one opposing vote.

Point 4 was addressed again with the question about why they would want to go to the all-purpose levy. **Gordon Morris** answered that many counties were doing this so they could aggregate the levy account.

They moved to adopt amendment 9, and the motion was passed unanimously.

Point 5 would put back the language "tax levy" for medical cost.

Rep. Mangan wondered if this section of law, which allowed the county to cover inmate medical cost, had not actually been passed in the last session. **Gordon Morris** said that it had. **Greg Petesch** said it was taken out because outside the cap must be voted on. **Rep. Story** said to take it all out. If it was taken out, it may provide funding and they may levy. **Greg Petesch** said it was eliminated because the mill cap was districtorial, you would have to say what the money was used for, and it must be for governmental purposes.

Rep. Esp thought they both looked the same, but **Gordon Morris** cleared it up by saying that not eliminating the levy but putting it back in gave the authority for additional levy to be added.

Rep. Esp said they already had that authority. **Gordon Morris** replied that they needed the additional levy to ask voters. The inmate payment must come from the town that the prison is in.

Rep. Mangan said that both the **Morris/Petesch Amendments** agreed, and that the end would be the same, just the language would be different. Because this would not hurt anybody, he was not opposed to the addition. **Rep. Story** said that it would hurt those who fund under that cap. Any money that would be added would then have to be voted on. **Gordon Morris** agreed.

Greg Petesch explained that SIDs were not put in inadvertently. The county commissioner could get the authority to impose a levy to meet SID costs with a vote. **Rep. Story** wanted to know if they would then need to vote for bond and for the commissioner authority to increase mills to pay the bond. **Greg Petesch** said that yes, there would need to be two elections.

Rep. Carney wanted to know if they would need two elections if the amendment was adopted. **Rep. Story** said that it should be adopted, or else there would be a big mess. The bond ratings would drop.

Rep. Wanzenried moved to adopt amendment 20, which was taken care of in amendments four and thirteen. It was adopted anonymously. There was a clarification as to which amendments were passed. The amendments passed so far were: 1,2,3,4,8,9,12, and 13, while 5 and 7 were eliminated. **Story** said they would need a gray bill.

Michelle Hand, who was representing the **Motorcycle Safety Program** said they wanted page five struck out. Page forty-one of the

PURPLE BOOK allowed for flat money grouping. It was eighteen dollars per motorcycle which would be a thirty-three percent increase. There was a problem with the wording. In the current version, the on-road motor vehicles do pay safety fees, but not the off roads. This needed to be changed.

Dal Smilie. Montana Motorcycle Safety Advisory, spoke next, saying he thought something else needed to be added to the amendment. **EXHIBIT(1fh30a02)**

Rep. Story wanted to know if the five dollar fee was in the twelve dollar registration fee, and it was not. He also asked who would do the separations. **Judy Paynter** said that the State Treasurer did. **Rep. Waitschies** wanted to know if it would be collected once or five times when motorcycles were permanently liscensed. **Greg Petesch** said this was not addressed under the fee. Twelve dollars would be included in the vehicle count, while the five dollars would be collected separately. **Michelle Hand** said that the applicable fee would be five times the fee. In this case, five dollars is the fee, so the total collected with the registration fee would be twenty-five dollars. After that, nothing would be collected.

Doug Amblino talked about off road vehicles, the re-registration for them, and how they, along with snowmobiles and boats were charged tax when buying plates. He went on to say that there was no way to decipher between the on/off road vehicles. If they do pay safety, it may need to be clarified on the registration where the funds should go. The general consensus was that that would be easy enough to fix.

Rep. Peterson wanted to know if they were going to modify the amendment or move now. They moved to adopt the amendment. It was adopted unanimously.

ADJOURNMENT

Adjournment: 7:30 P.M.

REP. BOB STORY, Chairman

JENNI STOCKMAN, Secretary

BS/JS

EXHIBIT (lfh30aad)